

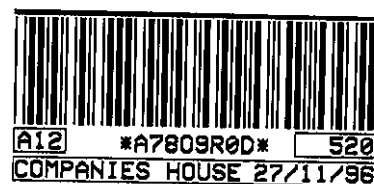
R GRIGGS AND CO LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1996

Company number: 494207



R GRIGGS AND CO LIMITED

FINANCIAL STATEMENTS

For the year ended 31 March 1996

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R GRIGGS AND CO LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 March 1996.

Principal activities

The company is principally engaged in the manufacture of footwear and related components.

Business review

With effect from 1 April 1995 the company assumed the responsibility for the manufacturing of footwear and related components of its fellow subsidiaries within the R Griggs group of companies, as disclosed in note 22 to the financial statements.

The company has therefore taken on the responsibility for the plant and machinery, office equipment, inventory of raw materials and work in progress and the remuneration and welfare of employees from the manufacturing companies.

The directors consider that the company has traded satisfactorily during the year and will continue to do so for the foreseeable future.

There was a profit for the year after taxation amounting to £10,701,627 (1995: loss £131,573). The directors do not recommend payment of a dividend and the profit has therefore been retained.

Directors

The present membership of the Board is set out below. All directors served throughout the year, apart from Mr M J Kedwards who was appointed to the Board on 1 April 1996.

The interests of the directors who are also directors of the parent undertaking are disclosed in that company's financial statements. The other directors held no interests in the shares of the company, the parent undertaking or other group undertakings at 1 April 1995 or 31 March 1996.

Mr S W Griggs	(Chairman)	(also a director of the parent undertaking)
Mr R C Shelton	(Deputy Chairman)	(also a director of the parent undertaking)
Mr W A Pearson	(Managing Director)	(also a director of the parent undertaking)
Mr S P Horne		
Mr G M Brent		
Mr S A Ball		
Mr K Shooter		
Mr B R Wagstaff		
Mr M J Kedwards		

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business.

R GRIGGS AND CO LIMITED

REPORT OF THE DIRECTORS

Charitable donations

Donations to charitable organisations amounted to £266 (1995: £7,754).

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company. This is achieved through consultations with employee representatives.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

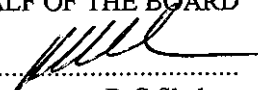
R GRIGGS AND CO LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



R C Shelton
Deputy Chairman

Registered office:
Cobbs Lane
Wollaston
Wellingborough
Northants
NN29 7SW

11 October 1996

**REPORT OF THE AUDITORS TO THE MEMBERS OF
R GRIGGS AND CO LIMITED**

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

Grant Thornton

Northampton

11 October 1996

R GRIGGS AND CO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 1996

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, except that certain freehold properties are shown at their revalued amounts and the investment property is revalued at market value annually.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

No depreciation is provided on freehold land.

Depreciation is calculated to write down the cost of freehold buildings, property improvements, moulds and motor vehicles by equal annual instalments over their expected useful lives.

Depreciation on other tangible fixed assets is calculated on the reducing balance method and aims to write down the cost of the assets over their expected useful lives.

The rates generally applicable are:

Freehold buildings	-	2% straight line method
Property improvements	-	2% straight line method
Motor vehicles	-	25% straight line method
Moulds	-	33% straight line method
Plant and machinery	-	25% reducing balance method
Office equipment and computers	-	25% reducing balance method

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No 19, certain of the company's properties are held for long-term investment and are included in the balance sheet at their open market values. The surplus or deficit on revaluation of such properties is transferred to the investment property revaluation reserve. Depreciation is not provided in respect of freehold investment properties.

This policy represents a departure from statutory accounting principles, which require depreciation to be provided on all fixed assets. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view, because current values and changes in current values are of prime importance rather than the calculation of systematic annual depreciation. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

R GRIGGS AND CO LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 March 1996

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

CONTRIBUTIONS TO PENSION FUNDS

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

R GRIGGS AND CO LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 March 1996

	Note	1996 £	1995 £
Turnover	1	169,663,331	40,487,286
Other operating income and charges	2	152,796,162	40,390,071
Operating profit		<u>16,867,169</u>	<u>97,215</u>
Income from other fixed asset investments	3	220,000	220,000
Net interest	4	-	(96,708)
Profit on ordinary activities before taxation	1	<u>17,087,169</u>	<u>220,507</u>
Tax on profit on ordinary activities	6	6,385,542	352,080
Profit/(loss) for the financial year		<u>10,701,627</u>	<u>(131,573)</u>
Dividends	7	-	971
Profit retained/transfer from reserves	16	<u><u>£10,701,627</u></u>	<u><u>£(132,544)</u></u>

The results for 1996 include contributions from operations acquired in the year as referred to in note 22 to the financial statements.

The accompanying accounting policies and notes form an integral part of these financial statements.

R GRIGGS AND CO LIMITED

BALANCE SHEET AT 31 MARCH 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		22,733,008		9,157,393
Current assets					
Stocks	9	29,093,455		6,826,826	
Debtors	10	23,333,170		10,867,974	
Cash at bank and in hand		7,721		-	
		<u>52,434,346</u>		<u>17,694,800</u>	
Debtors: amounts falling due after more than one year	10	-		725,600	
		<u>52,434,346</u>		<u>18,420,400</u>	
Creditors: amounts falling due within one year	11	49,847,419		13,316,389	
Net current assets			<u>2,586,927</u>		<u>5,104,011</u>
Total assets less current liabilities			<u>25,319,935</u>		<u>14,261,404</u>
Creditors: amounts falling due after more than one year	12	-		69,828	
Provisions for liabilities and charges	13	1,045,699		618,967	
		<u>1,045,699</u>		<u>688,795</u>	
			<u>£24,274,236</u>		<u>£13,572,609</u>
Capital and reserves					
Called up share capital	15		64,278		64,278
Other reserves	16		659,369		659,369
Profit and loss account	16		23,550,589		12,848,962
Shareholders' funds	17		<u>£24,274,236</u>		<u>£13,572,609</u>
Equity shareholders' funds			24,274,236		13,567,565
Non-equity shareholders' funds			-		5,044
			<u>£24,274,236</u>		<u>£13,572,609</u>

The financial statements were approved by the Board of Directors on 11 October 1996

S W Griggs

Chairman



The accompanying accounting policies and notes form an integral part of these financial statements.

R GRIGGS AND CO LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 1996

	1996	1995
	£	£
Profit/(loss) for the financial year	10,701,627	(131,573)
Unrealised surplus on revaluation of investment properties	-	50,000
Total recognised gains and losses for the year	<u>£10,701,627</u>	<u>£(81,573)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation are attributable to one activity, the manufacture of footwear and related components.

An analysis of turnover by geographical market is given below:

	1996 £	1995 £
United Kingdom	169,663,331	39,390,773
Rest of Europe	-	1,096,513
	<u>£169,663,331</u>	<u>£40,487,286</u>

The profit on ordinary activities is stated after:

	1996 £	1995 £
Auditors' remuneration	12,500	8,500
Hire of plant and machinery	42,705	-
Other operating lease rentals	397,064	-
	<u> </u>	<u> </u>

2 OTHER OPERATING INCOME AND CHARGES

	Note	1996 £	1995 £
Change in stocks of finished goods and work in progress		(4,712,290)	(681,181)
Other operating income		(174,262)	(540,469)
Raw materials and consumables		89,425,462	28,153,246
Other external charges		16,782,760	2,803,582
Staff costs	5	31,354,345	3,934,552
Depreciation	8	3,909,802	667,635
Other operating charges		16,210,345	6,052,706
		<u>£152,796,162</u>	<u>£40,390,071</u>

3 INCOME FROM OTHER FIXED ASSET INVESTMENTS

	1996	1995
External rent receivable	<u>£220,000</u>	<u>£220,000</u>

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

4 NET INTEREST

	1996	1995
	£	£
On bank loans and overdrafts	-	(152,932)
Other interest receivable and similar income	-	56,224
	<u>£ -</u>	<u>£(96,708)</u>

5 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1996	1995
	£	£
Wages and salaries	28,271,951	3,550,139
Social security costs	2,533,256	305,569
Other pension costs	505,100	67,261
Other staff costs	44,038	11,583
	<u>£31,354,345</u>	<u>£3,934,552</u>

The average number of employees of the company during the year was as follows:

	1996	1995
	Number	Number
Production	2,433	339
Administration	113	11
	<u>2,546</u>	<u>350</u>

Remuneration in respect of directors was as follows:

	1996	1995
Management remuneration	<u>£308,058</u>	<u>£ -</u>

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

5 DIRECTORS AND EMPLOYEES (CONTINUED)

The emoluments of the directors, excluding pension contributions, were as follows:

	1996 £	1995 £
The Chairman	£ -	£ -
The highest paid director	£63,811	£ -

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	1996 Number	1995 Number
£0 to £5,000	3	8
£45,001 to £50,000	3	-
£60,001 to £65,000	2	-

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1996 £	1995 £
Corporation tax @ 33% (1995: 33%)	5,907,774	238,738
Group relief	50,793	108,923
Deferred tax	426,732	9,687
	6,385,299	357,348
Adjustments in respect of prior years:		
Corporation tax	243	(14,104)
Deferred tax	-	8,836
	£6,385,542	£352,080

7 DIVIDENDS

	1996	1995
Non-equity dividends:		
Preference dividend of - p (1995: 19.25p) per share	£ -	£971

R GRIGGS AND CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1996

8	TANGIBLE FIXED ASSETS	Investment property £	Land and buildings		Motor vehicles £	Moulds £	Plant and machinery and computers £	Office equipment £
			Freehold properties £	Property Improvements £				
	Total £							
Cost or valuation								
At 1 April 1995	13,261,655	2,250,000	6,140,223	-	728,309	-	3,268,992	874,131
Additions	4,045,530	-	1,189,000	141,075	148,918	216,354	1,985,703	364,480
Transfer from group companies	24,169,950	-	4,191,263	62,676	771,265	952,911	17,630,535	561,300
	<u>41,477,135</u>	<u>2,250,000</u>	<u>11,520,486</u>	<u>203,751</u>	<u>1,648,492</u>	<u>1,169,265</u>	<u>22,885,230</u>	<u>1,799,911</u>
Disposals	(268,270)	-	-	-	(241,715)	-	(26,555)	-
Transfers to group companies (427,853)	(427,853)	-	-	-	(427,853)	-	-	-
At 31 March 1996	<u>£40,781,012</u>	<u>£2,250,000</u>	<u>£11,520,486</u>	<u>£203,751</u>	<u>£978,924</u>	<u>£1,169,265</u>	<u>£22,858,675</u>	<u>£1,799,911</u>
Depreciation								
At 1 April 1995	4,104,262	-	744,982	-	332,819	-	2,549,282	477,179
Provided in the year	3,909,802	-	209,884	3,300	223,618	250,000	2,973,000	250,000
Transfer from group companies	10,402,119	-	651,914	2,507	432,162	672,205	8,349,776	293,555
	<u>18,416,183</u>	<u>-</u>	<u>1,606,780</u>	<u>5,807</u>	<u>988,599</u>	<u>922,205</u>	<u>13,872,058</u>	<u>1,020,734</u>
Eliminated on disposals	(170,479)	-	-	-	(161,088)	-	(9,391)	-
Transfers to group companies (197,700)	(197,700)	-	-	-	(197,700)	-	-	-
At 31 March 1996	<u>£18,048,004</u>	<u>£ -</u>	<u>£1,606,780</u>	<u>£5,807</u>	<u>£629,811</u>	<u>£922,205</u>	<u>£13,862,667</u>	<u>£1,020,734</u>
Net book amount								
at 31 March 1996	<u>£22,733,008</u>	<u>£2,250,000</u>	<u>£9,913,706</u>	<u>£197,944</u>	<u>£349,113</u>	<u>£247,060</u>	<u>£8,996,008</u>	<u>£779,177</u>
Net book amount								
at 31 March 1995	<u>£9,157,393</u>	<u>£2,250,000</u>	<u>£5,395,241</u>	<u>£ -</u>	<u>£395,490</u>	<u>£ -</u>	<u>£719,710</u>	<u>£396,952</u>

R GRIGGS AND CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1996

8 TANGIBLE FIXED ASSETS (CONTINUED)

The gross amount of land and buildings on which depreciation is being provided is £10,587,812 (1995: £5,662,060)

The figures stated above for cost or valuation include valuations as follows:

	Land and buildings £
At cost	11,639,237
At valuation	
1987	85,000
1996	2,250,000
	<u>£13,974,237</u>

During the year the investment property was revalued by the directors. The basis of the valuation used was open market value.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at these valuations because, in the opinion of the directors, the assets are unlikely to be disposed of in the foreseeable future.

If land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts:

	£
Cost	13,374,330
Accumulated depreciation	1,612,587
Net book amount at 31 March 1996	<u>£11,761,743</u>
Net book amount at 31 March 1995	<u>£7,045,334</u>

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

9 STOCKS

	1996 £	1995 £
Raw materials and consumables	22,678,519	5,124,180
Work in progress	4,197,191	1,177,593
Finished goods	2,217,745	525,053
	<u>£29,093,455</u>	<u>£6,826,826</u>

10 DEBTORS

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	154,586	893,943
Amounts owed by group undertakings	20,678,179	9,244,687
Other debtors	2,138,701	368,867
Prepayments and accrued income	361,704	360,477
	<u>23,333,170</u>	<u>10,867,974</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	-	725,600
	<u>£23,333,170</u>	<u>£11,593,574</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Bank overdrafts	21,104,112	1,979,044
Trade creditors	4,481,642	521,108
Amounts owed to group undertakings	15,079,117	9,798,784
Corporation tax	5,949,440	238,873
Social security and other taxes	1,291,923	394,452
Other creditors	1,595,042	185,173
Accruals and deferred income	346,143	198,955
	<u>£49,847,419</u>	<u>£13,316,389</u>

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1996	1995
Amounts owed to group undertakings	£ -	£69,828

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation (note 14) £
At 1 April 1995	618,967
Provided during the year	426,732
At 31 March 1996	£1,045,699

14 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below. The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using tax rates of 33%.

	Amount provided		Amount unprovided	
	1996	1995	1996	1995
	£	£	£	£
Accelerated capital allowances	1,087,400	585,359	-	-
Other timing differences	(41,701)	33,608	-	-
	£1,045,699	£618,967	£ -	£ -
Unrealised capital gains	£ -	£ -	£156,647	£151,467

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

15 SHARE CAPITAL

	1996 £	1995 £
Authorised		
- (1995: 6,000) cumulative preference shares of £1 each 3.85% plus tax credit	-	6,000
- (1995: 2,300) 'A' redeemable preference shares of £1 each	-	2,300
- (1995: 6,700) 'B' redeemable preference shares of £1 each	-	6,700
1,000,000 (1995: 985,000) ordinary shares of £1 each	1,000,000	985,000
	<u>£1,000,000</u>	<u>£1,000,000</u>
Allotted, called up and fully paid		
- (1995: 5,044) cumulative preference shares of £1 each 3.85% plus tax credit	-	5,044
64,278 (1995: 59,234) ordinary shares of £1 each	64,278	59,234
	<u>£64,278</u>	<u>£64,278</u>

Preference shares

On 21 March 1996 the 6,000 cumulative preference shares of £1 each 3.85% plus tax credit, the 2,300 'A' redeemable preference shares of £1 each and the 6,700 'B' redeemable preference shares of £1 each were converted into and redesignated as 15,000 £1 ordinary shares ranking pari passu in all respects with the existing ordinary shares of £1 each in the capital of the Company.

16 RESERVES

	Capital redemption reserve £	Investment property revaluation reserve £	Profit and loss account £
At 1 April 1995	59,462	599,907	12,848,962
Profit retained	-	-	10,701,627
At 31 March 1996	<u>£59,462</u>	<u>£599,907</u>	<u>£23,550,589</u>

R GRIGGS AND CO LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 1996

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit/(loss) for the financial year	10,701,627	(131,573)
Dividends	-	(971)
	<u>10,701,627</u>	<u>(132,544)</u>
Other recognised gain: Surplus on revaluation of assets	-	50,000
Net increase/(decrease) in shareholders' funds	<u>10,701,627</u>	<u>(82,544)</u>
Shareholders' funds at 1 April 1995	13,572,609	13,655,153
Shareholders' funds at 31 March 1996	<u><u>£24,274,236</u></u>	<u><u>£13,572,609</u></u>

18 CAPITAL COMMITMENTS

	1996	1995
Contracted for but not provided in these financial statements	<u>£382,493</u>	<u>£642,046</u>

19 CONTINGENT LIABILITIES

	1996	1995
Customs and Excise guarantee given by the bank	<u>£800,000</u>	<u>£200,000</u>

The company, together with other group undertakings, is party to unlimited multilateral guarantees given in respect of the bank loans and overdrafts of the participating companies. As at 31 March 1996 the total of the overdraft and loans guaranteed by the company under this agreement amounted to £9,076,392 (1995: £21,620,837).

There was a contingent liability in respect of deferred taxation as disclosed in note 14.

R GRIGGS AND CO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 1996

20 PENSION COMMITMENTS

Defined Benefit Scheme

The company operates a funded pension scheme providing defined benefits. The assets of the scheme are held separately from those of the company, their investment being delegated to professional investment managers.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the Partly Projected Unit method, with a control period of 20 years, and making allowance for new entrants. The most recent valuation was carried out as at 6 April 1993. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries, which were 9.5% per annum and 8.0% per annum respectively. In calculating the discounted income value of assets, equity dividends were assumed to increase in the future at 4.5% per annum. At the valuation date, the market value of the scheme's assets was approximately £5.0m and the actuarial value of assets was sufficient to cover 90% of the liabilities for pensioners, deferred pensioners and in-service members as valued on the funding method employed. Sums amounting to £800,000 have been paid into the scheme since the valuation to eliminate the short-term deficit disclosed by the valuation. The contributions of the Company and employees will be 15% and 5% of pensionable salaries respectively, in accordance with the advice of the actuary.

The lump sum payments are designed to clear deficiencies resulting from events outside of the scope of normal actuarial assumptions. These have not therefore been spread over the average remaining service lives of current members.

Defined Contribution Scheme

The company also operates a defined contribution pension scheme for the benefit of certain senior directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

21 LEASING COMMITMENTS

The company has certain operating leases in respect of plant and machinery which may be terminated by giving 30 days notice in writing.

22 ACQUIRED OPERATIONS

With effect from 1 April 1995 the company assumed the responsibility for the manufacturing of footwear and related components of its fellow subsidiaries within the R Griggs group of companies.

The company has therefore taken on the responsibility for the plant and machinery, office equipment, inventory of raw materials and work in progress and the remuneration and welfare of employees from the manufacturing companies.

The main operations and trading activities of the operations acquired have been absorbed within the existing trade of the company. In view of this, the directors are of the opinion that it is not practicable to determine the post-acquisition results of the operations acquired nor is it possible to give an indication of the contribution of the acquisitions to the turnover and operating profit of the continuing operations as required by Financial Reporting Standard 3.

The results therefore show the contributions of all the operations of the company.

23 CONTROLLING RELATED PARTY

The ultimate parent undertaking and controlling related party of this company is R Griggs Group Limited.